

CONTRACT #10
RFS # 359.62-013

**Department of Children's
Services**

VENDOR:
**Reeves-Sain Extended
Care, LLC**

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

RECEIVED

APR 18 2006

Commissioner of Finance & Administration

Date:

FISCAL REVIEW

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS # 359.62-013-03

2) State Agency Name : Department of Children's Services

EXISTING CONTRACT INFORMATION

3) Service Caption : Provision of Pharmacy Services at DCS Youth Development Centers

4) Contractor : Reeves-Sain Extended Care, LLC

5) Contract # FA-03-15125

6) Contract Start Date : October 1, 2002

7) Current Contract End Date IF all Options to Extend the Contract are Exercised : September 30, 20078) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$2,705,782.67

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment # Five10) Proposed Amendment Effective Date : April 1, 2006
(attached explanation required if date is < 60 days after F&A receipt)11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised : September 30, 200712) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$2,705,782.6713) Approval Criteria : (select one) ☒ use of Non-Competitive Negotiation is in the best interest of the state☐ only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

The amendment removes the annualized liabilities currently specified in the contract, allowing DCS greater flexibility to reallocate unspent funds from previous contract years when experiencing unexpected increases in service levels greater than those originally projected. DCS has experienced unexpected increases for certain youth development center allotment codes. However, since others are underutilized, it is expected that we will only need to revise the currently funded allotments and not have to increase the maximum liability.

15) Explanation of Need for the Proposed Amendment :

The new DCS youth development center for females, New Visions Youth Development Center, (NVYDC) anticipates that its student population will increase from the present number of twenty-four female student residents to thirty-six by June 30, 2006. Also, Woodland Hills Youth Development Center, (WHYDC) is experiencing projected utilization service levels that will exceed current budgeted amounts for these services by the end of FY 2006. Approval of this amendment will allow DCS to utilize unspent funds from previous fiscal years and reallocate those funds from underutilized allotment codes to those facilities that are experiencing a higher than expected utilization of services

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

W. Shane Reeves & Rick Sain
Reeves-Sain Extended Care
1809 Memorial Boulevard
Murfreesboro, TN, 37129
TEL: 615-278-3146
FAX: 615-895-0395

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

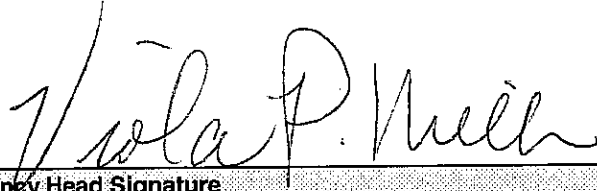
Procurement alternatives have not been attempted as this vendor is the current contractor having won the contract through a competitive procurement.

21) Justification for the Proposed Non-Competitive Amendment :

The services provided under this contract are required services and must be available to students at DCS youth development centers.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)





Agency Head Signature

Date

Explanatory Note Regarding: Request submitted to F&A in less than 60 days.

Earlier in the calendar year, DCS began efforts to amend certain professional services contracts at the WHYDC facilities that needed their liabilities amended due to greater than expected utilization levels. However, while engaged in the process we were also made aware that NVYDC was expecting an increase in the student population, which would require amendments of additional contracts as well as those on which work had already begun. Since both facilities share the same contractors, both were asked to coordinate the liability reviews of their professional services contracts. The compilation of necessary information was completed in time for DCS to submit the request and be scheduled on the March 20, 2006 FRC agenda. At that meeting, approval of the contract was postponed until DCS could provide specific information requested by FRC members.

Also during the meeting, discussion ensued that generated a review of the DCS policy of specifying the annual liabilities of multi-year contracts in the contract document. Additionally, due to a misstatement in the original requests of the maximum number of female residents at NVYDC, DCS was instructed to resubmit the request. DCS could not resubmit until a review of DCS policy could be conducted and an analysis of each contracts' liability needs could be performed.

The original requests contained April 1, 2006 as the effective start date. The unforeseen necessity to reevaluate DCS policies and the expenditures by allotment code for each contract has created a necessary but unexpected further delay in expediting this amendment. Consequently, we need to retain the original effective date of April 1, 2006 and are respectfully requesting immediate approval of this resubmitted request.

Your assistance is greatly appreciated.

**AMENDMENT FIVE
TO FA-03-15125
BETWEEN THE STATE OF TENNESSEE
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Seven Hundred Five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$2,705,782.67). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE LLC,:

REEVES-SAIN EXTENDED CARE LLC,

Date

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date



FAX TRANSMITTAL

TO : Dr. Lynn Goodman, Director
Employee Development & EEO **FAX #** 532-0728

FROM : Steven Barlar, Program Director
DCS Contracts Section **FAX #** 244-8969

DATE : February 28, 2006

RFS # 359.62-013-03

RE : Procurement Endorsement — Amendment Five to FA-03-15125, with
Reeves-Sain Extended Care, LLC.

NUMBER OF FAX PAGES (Including cover) : 5

The nature and scope of service detailed in the attached service procurement document(s) appears to require Department of Personnel (DOP) review and support, because the procurement involves training of state employees.

This communication seeks to ensure that DOP is aware of the procurement and has an opportunity to review the matter. Please determine whether DOP is supportive of the procurement. If you have any questions or concerns about this matter, please call Steven Barlar at 515-532-2457.

DOP does not provide these training services

Accompanying Document(s)
See Summary Sheet for amendment #4 indicating the current annual and total maximum liabilities, and pages 1-3 for the complete Scope of Services, (see A.11 for staff training item) of the Initial Contract copy of FA-03-15125.

Note: We are developing Amendment #5 to FA-03-15125 which requests an increase in the contract's maximum liability for FY 2006 in the amount of \$33,400.00. This increase is necessary due to the New Visions YDC student population being doubled from twelve to twenty-four. No other changes are being made to the contract except the maximum liability. Please let me know if you need further information or assistance in any way.

We are requesting immediate review and approval as DCS is striving to expedite several amendments that are necessary due to unexpected increases in service needs at Woodland Hills YDC and the doubling of the student resident population at New Visions YDC. Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thanks for your assistance

Department of Personnel Endorsement :

Lynn Goodman 2-28-06
DOP Director of Employee Development & EEO Signature & Date



State of Tennessee
Department of Children's Services
Cordell Hull State Office Building, 7th Floor
436 Sixth Avenue North
Nashville, Tennessee 37243-1290
Viola P. Miller, Commissioner

March 31, 2006

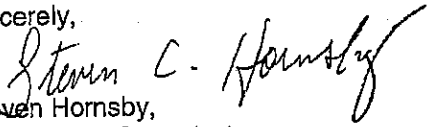
James White, Executive Director
Fiscal Review Committee
8th Floor, Rachel Jackson Building
320 Sixth Avenue North
Nashville, TN 37243

Per request, this item of correspondence clarifies a question raised during the previous FRC meeting on March 20, 2006. During that meeting, the FRC reviewed Amendment Five to Contract FA-03-15125, (Reeves-Sain Extended Care, LLC). FRC members noted that this was the fifth amendment to this contract and inquired why the contract had not been previously reviewed by the committee.

Contract FA-03-15125 has a start date in FY 2003 of October 1, 2002. On or about June 15, 2003, a memo was sent out to all agency heads from Commissioner Dave Goetz detailing policy revisions to improve oversight of state contracting. ~~The contents of this memo specifically mention non-competitive~~ contracts and did not address competitively procured contracts or amendments. Amendment #1 was processed in August 2003 and added \$30,782.67 to FY 2003. A reevaluation of the costs related to this service occurred shortly after that and the annual liability for FY 2004-2007 were increased by \$200,000.00 annually. In June 2004, based upon continually rising service levels, Amendment #3 was executed and added \$80,000.00 to the annual liability for FY's 2004-2007. In August 2004 DCS received a memo from then FRC Fiscal Analyst Chris Eaton regarding submissions of non-competitive contracts and contract amendments for [FRC] review. The examples attached to this memo and the text of the memo did not include references to amendments to competitively procured contracts. Amendment #4 was executed in March of 2005 for a text change only. This change removed TennCare as the payment agent and identified DCS as the payment agent. It was not until later in calendar year 2005 that DCS realized that non-competitive amendments included amendments to competitively procured contracts.

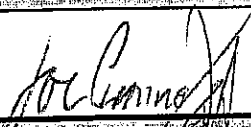
In short, the previous four amendments were executed when DCS had an understanding that amendments to competitively procured contracts were not to be considered as being eligible for FRC review.

Sincerely,


Steven Hornsby,
DCS Deputy Commissioner
Juvenile Justice Division

SH:SLB

CONTRACT SUMMARY SHEET

| | | | |
|---|---|---|---|
| RFS Number: 359.62-013 | | Contract Number: FA-03-15125 - 04 | |
| State Agency: Department of Children's Services | | Division: Youth Development Center Services | |
| Contractor: Reeves-Sain Extended Care, LLC | | Contractor Identification Number: V621728645-00 | |
| <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | | | |
| Service Description: Provision of Pharmacy Services at DCS Youth Development Centers | | | |
| Contract Begin Date: 10-01-02 | | Contract End Date: 09-30-07 | |
| Allotment Code: SUP | Cost Center: 550 | Object Code: 092 | Fund: 11 |
| | | Grant: X on STARS | Grant Code: |
| | | Subgrant Code: | |
| FY | State Funds | Federal Funds | Total Contract Amount (including ALL amendments) |
| 2003 | \$341,782.67 | | \$341,782.67 |
| 2004 | \$591,000.00 | | \$591,000.00 |
| 2005 | \$591,000.00 | | \$591,000.00 |
| 2006 | \$591,000.00 | | \$591,000.00 |
| 2007 | \$591,000.00 | | \$591,000.00 |
| Total: | \$2,705,782.67 | | \$2,705,782.67 |
| GFDA # | | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Joe Cimino, Budget Dir. | | Is the Contractor a VENDOR? (per OMB A-133) X | |
| Address: 7 th Floor, Cordell Hull Bldg. | | Is the Fiscal Year Funding STRICTLY LIMITED? X | |
| Phone: 615-741-8304 | | Is the Contractor on STARS? X | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
|  | | Is the Contractor's Form W-9 Filed with Accounts? X | |
| | | | |
| COMPLETE FOR ALL AMENDMENTS (only) | | Funding Certification | |
| | Base Contract & Prior Amendments | Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | |
| | This Amendment ONLY | | |
| END DATE → | 09-30-07 | | |
| FY: 2003 | | | |
| FY: 2004 | TEXT CHANGE ONLY | | |
| FY: 2005 | | | |
| FY: 2006 | | <div style="text-align: center;"> RECEIVED JAN 11 2005 OFFICE OF CONTRACTS REVIEW </div> | |
| FY: 2007 | | | |
| Total: | | | |

PROCESS

MAR - 9 2005

DIRECTOR OF ACCOUNTS

DCS

FEB 23 2005

RECEIVED

TEXT CHANGE ONLY

Office of Contracts Review

CONTRACT SUMMARY SHEET SUPPLEMENT

| | |
|------------------------|--------------|
| Contract Number | FA-03-15125- |
|------------------------|--------------|

| | |
|-------------|------|
| Fiscal Year | 2003 |
|-------------|------|

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

FA-03-15125-

2004

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

| Contract Number | FA-03-15125- | | | | | | |
|------------------------|--------------|-------------|------|------------|---------------|--------|--------------|
| Fiscal Year | 2006 | | | | | | |
| Allotment Code | Cost Center | Object Code | Fund | Grant Code | Subgrant Code | CFDA # | Amount |
| 359.60 | 550 | 092 | 11 | | | | \$70,000.00 |
| 359.61 | 550 | 092 | 11 | | | | \$215,400.00 |
| 359.62 | 550 | 092 | 11 | | | | \$151,200.00 |
| 359.63 | 550 | 092 | 11 | | | | \$154,400.00 |
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| Subtotal: State | | | | | | | \$591,000.00 |
| TOTAL | | | | | | | \$591,000.00 |

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number FA-03-15125

| | |
|-------------|------|
| Fiscal Year | 2007 |
|-------------|------|

[illegible]

**AMENDMENT FOUR
TO CONTRACT FA-03-15125-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.20. in its entirety and insert the following in its place::

A.20. Process prior to January 1, 2004, all claims for services through the Contractor with whom the TennCare Bureau has contracted to provide claims processing services. Beginning January 1, 2004, the Contractor will process all claims for services through the Department of Children Services Office of Program Support, Fiscal Payables Section.

2. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Payment Methodology. The Contractor shall be compensated based on the Payment Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Payment Rates:

| BRAND NAME DRUGS — the payment rate for Brand Name Drugs shall equal the Acceptable Wholesale Price* reduced by the reduction percent plus the handling fee (indicated by period below). | | |
|---|---|------------------------------------|
| PERIOD | REDUCTION % (from the Acceptable Wholesale Price*) | HANDLING FEE (per prescription) |
| October 1, 2002 – June 30, 2003 | [13] % | \$5.00 |
| July 01, 2003 – June 30, 2004 | [13] % | \$5.00 |
| July 01, 2004 – June 30, 2005 | [13] % | \$5.00 |
| July 01, 2005 – June 30, 2006 | [13] % | \$5.00 |
| July 01, 2006 – June 30, 2007 | [13] % | \$5.00 |

**Acceptable Wholesale Price may be obtained from any of the professionally recognized companies that compile these prices using the manufacturers suggested wholesale price i.e., RED Book and the BLUE Book.

| GENERIC NAME DRUGS — the payment rate for Generic Drugs shall equal the maximum allowable cost set by TennCare plus the handling fee (indicated by period below). | |
|--|---------------------------------|
| PERIOD | HANDLING FEE (per prescription) |
| October 1, 2002 – June 30, 2003 | \$5.00 |
| July 01, 2003 – June 30, 2004 | \$5.00 |
| July 01, 2004 – June 30, 2005 | \$5.00 |
| July 01, 2005 – June 30, 2006 | \$5.00 |
| July 01, 2006 – June 30, 2007 | \$5.00 |

| IN-SERVICE TRAINING & INSPECTION SERVICES — the payment rate for in-service training & inspection services shall the hourly rate for delivered service (indicated by period below). | |
|--|-----------------------|
| PERIOD | PAYMENT RATE PER HOUR |
| October 1, 2002 – June 30, 2003 | \$65.00 |
| July 01, 2003 – June 30, 2004 | \$65.00 |
| July 01, 2004 – June 30, 2005 | \$65.00 |
| July 01, 2005 – June 30, 2006 | \$65.00 |
| July 01, 2006 – June 30, 2007 | \$65.00 |

The Contractor shall not be compensated for travel time to the primary location of service provision.

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the identifying child information, the applicable payment rate, dates of service, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

Prior to January 1, 2004, the Contractor shall use the pharmacy claims processing vendor with whom the TennCare Bureau contracted. Beginning January 1, 2004, the DCS will serve as the payment agent to the Contractor providing pharmacy services at DCS youth development centers. DCS will receive and process the Contractor's invoices submitted for services delivered under this contract. The Department of Children's Services will ensure that proper remuneration is executed for all services requested, rendered, and accepted that are in accordance with the payment terms (including the maximum liability) of this Contract.

The State shall reimburse the Contractor for Generic Drugs using the formula as follows: (Maximum Allowable Cost (as Set by TennCare) + handling fee.

The State shall reimburse the Contractor for Brand name Drugs using the formula: (Acceptable Wholesale Price – reduction percentage (not less than 13%) + handling fee.
The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

3. Delete Section E.10. In its entirety.

- E.10. The Contractor understands that payment for services rendered at DCS youth development centers will not be paid directly by the Department of Children's Services, but by TennCare. DCS has entered into an interdepartmental contract with the Bureau of TennCare to reimburse the Bureau for those pharmacy services for which they have previously paid the DCS pharmacy Contractor.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. Shane Reeves, President 12-17-04
Signature and Title of Authorized Representative Date

W. Shane Reeves
Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller / VPM 1-6-05
Viola P. Miller, Commissioner Date

APPROVED:

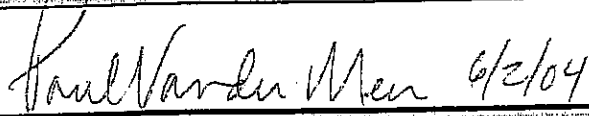
DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr. / M.D. 2/25/05
M. D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

John G. Morgan 3/1/05
John G. Morgan, Comptroller of the Treasury Date

CONTRACT SUMMARY SHEET

| | | | |
|---|---|---|---|
| RFS Number: 359.62-013 | | Contract Number: FA-03-15125-03 | |
| State Agency: Department of Children's Services | | Division: Youth Development Center Services | |
| Contractor: Reeves-Sain Extended Care, LLC | | Contractor Identification Number: V621728645-00 | |
| | | <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | |
| Service Description: Provision of Pharmacy Services at DCS Youth Development Centers | | | |
| Contract Begin Date: 10-01-02 | | Contract End Date: 09-30-07 | |
| Allotment Code: SUP | Cost Center: 550 | Object Code: 092 | Fund: 11 |
| | | Grant: X on STARS | Grant Code: |
| | | Subgrant Code: | |
| FY | State Funds | Federal Funds | Total Contract Amount (including ALL amendments) |
| 2003 | \$341,782.67 | | \$341,782.67 |
| 2004 | \$591,000.00 | | \$591,000.00 |
| 2005 | \$591,000.00 | | \$591,000.00 |
| 2006 | \$591,000.00 | | \$591,000.00 |
| 2007 | \$591,000.00 | | \$591,000.00 |
| Total: | \$2,705,782.67 | | \$2,705,782.67 |
| CFDA# | | Check the box ONLY if the answer is YES. | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Paul Vander Meer | Address: 7 th Floor, Cordell Hull Bldg. | Is the Contractor a VENDOR? (per OMB A-133) X | |
| Phone: 615-741-8304 | | Is the Fiscal Year Funding STRICTLY LIMITED? X | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor on STARS? X | |
|  | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractor's Form W-9 Filled with Accounts? X | |
| COMPLETE FOR ALL AMENDMENTS (only) | | Funding Certification | |
| | Base Contract & Prior Amendments | This Amendment ONLY | |
| END DATE → | 09-30-07 | 09-30-07 | |
| FY: 2003 | \$341,782.67 | | |
| FY: 2004 | \$511,000.00 | 80,000.00 | |
| FY: 2005 | \$511,000.00 | 80,000.00 | |
| FY: 2006 | \$511,000.00 | 80,000.00 | |
| FY: 2007 | \$511,000.00 | 80,000.00 | |
| Total: | \$2,385,782.67 | \$320,000.00 | |

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED
 2004 JUN 28 PM 1:29
 COMPTROLLER'S OFFICE
 OF
 MANAGEMENT SERVICES

JUL - 2 2004

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CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15125-

Fiscal Year

2004

[illegible]

[illegible]

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

FA-03-15125

2007

[illegible]

AMENDMENT THREE
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following to Section A. Scope of Services as Section A.24. and renumber any subsequent sections as necessary:

A.24. The Contractor shall invoice DCS monthly for services provided. Such invoices shall be submitted to DCS not later than thirty (30) days after the end of the month in which service was rendered.

2. Delete Section C.1, Maximum Liability in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Seven Hundred Five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$2,705,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for each fiscal year 2004 through 2007 shall not exceed Five Hundred Ninety-one Thousand Dollars (\$591,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Add the following to Section C.3. Payment Methodology as Section C.3.a. and renumber any subsequent sections as necessary:

C.3.a. If the Contractor fails to comply with the provisions of Section A. 24 of the Scope of Services, the Contractor shall forfeit payment for those services.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. S. Reeves, President
Signature and Title of Authorized Representative

5/21/04
Date

W. S. Reeves
Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Viola P. Miller, Commissioner
Viola P. Miller, Commissioner

6-7-04
Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner
M. D. Goetz, Jr., Commissioner

6-25-04
Date

COMPTROLLER OF THE TREASURY:

John G. Morgan
John G. Morgan, Comptroller of the Treasury

6/29/04
Date

CONTRACT SUMMARY SHEET

| | | | |
|---------------|-----------------------------------|------------------|-----------------------------------|
| RFS Number: | 359.62-013 | Contract Number: | FA-03-15125-02 |
| State Agency: | Department of Children's Services | Division: | Youth Development Center Services |

| | | | |
|--------------------------------|--|---|--|
| Contractor | | Contractor Identification Number | |
| Reeves-Sain Extended Care, LLC | | <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | |
| | | V621728645-00 | |

| |
|---|
| Service Description |
| Provision of Pharmacy Services at DCS Youth Development Centers |

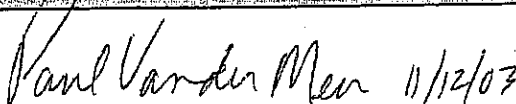
| | |
|---------------------|-------------------|
| Contract Begin Date | Contract End Date |
| 10-01-02 | 09-30-07 |

| | | | | | | |
|----------------|-------------|-------------|------|------------|------------|---------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| SUP | 550 | 092 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|--------|----------------|---------------|-------------------------|---------------|---|
| 2003 | \$341,782.67 | | | | \$341,782.67 |
| 2004 | \$511,000.00 | | | | \$511,000.00 |
| 2005 | \$511,000.00 | | | | \$511,000.00 |
| 2006 | \$511,000.00 | | | | \$511,000.00 |
| 2007 | \$511,000.00 | | | | \$511,000.00 |
| Total: | \$2,385,782.67 | | | | \$2,385,782.67 |

| | |
|--------|---|
| CFDA # | Check the box ONLY if the answer is YES |
|--------|---|

| | | | |
|----------------------|---|---|---|
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Paul Vander Meer | Is the Contractor a VENDOR? (per OMB A-133) | X |
| Address: | 7 th Floor, Cordell Hull Bldg. | Is the Fiscal Year Funding STRICTLY LIMITED? | X |
| Phone: | 615-741-8304 | | |

| | | |
|---|---|---|
| Procuring Agency Budget Officer Approval Signature | Is the Contractor on STARS? | X |
|  | Is the Contractor's FORM W-9 ATTACHED? | |
| | Is the Contractor's Form W-9 Filed with Accounts? | X |

| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification |
|------------------------------------|----------------------------------|---------------------|---|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | 09-30-07 | 09-30-07 | |
| FY: 2003 | \$341,782.67 | | |
| FY: 2004 | \$311,000.00 | 200,000.00 | |
| FY: 2005 | \$311,000.00 | 200,000.00 | |
| FY: 2006 | \$311,000.00 | 200,000.00 | |
| FY: 2007 | \$311,000.00 | 200,000.00 | |
| Total: | \$1,555,000.00 | \$800,000.00 | |

PROCESSED

DEC 10 2003

DIRECTOR OF ACCOUNTS

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 200 NOV 25 PM 3:46
 CLERK OF THE COURT
 OFFICE OF
 MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET SUPPLEMENT

FA-03-15125-

2003

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

FA-03-15125-

2004

[illegible]

[illegible]

[illegible]

\$511,000.00

\$511,000.00

CONTRACT SUMMARY SHEET SUPPLEMENT

| Contract Number | | FA-03-15125 | | | | | |
|-----------------|-------------|-------------|------|------------|---------------|--------|--------------|
| Fiscal Year | | 2007 | | | | | |
| Allotment Code | Cost Center | Object Code | Fund | Grant Code | Subgrant Code | CFDA # | Amount |
| 359.60 | 550 | 092 | 11 | | | | \$70,000.00 |
| 359.61 | 550 | 092 | 11 | | | | \$195,000.00 |
| 359.62 | 550 | 092 | 11 | | | | \$115,000.00 |
| 359.63 | 550 | 092 | 11 | | | | \$131,000.00 |
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| | | | | | | | |
| Subtotal: State | | | | | | | \$511,000.00 |
| TOTAL | | | | | | | \$511,000.00 |

**AMENDMENT TWO
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1, Maximum Liability in its entirety and insert the following in its place:

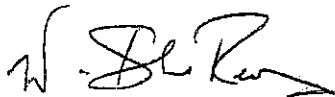
C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Three Hundred Eighty-five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$2,385,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for each fiscal year 2004 through 2007 shall not exceed Five Hundred Eleven Thousand Dollars (\$511,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC



10-24-03

Signature and Title of Authorized Representative

Date

W. Shane Reeves

10-24-03

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:



11/14/03

Michael J. Miller, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

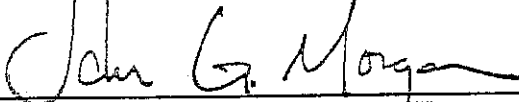


11/24/03

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:



11/26/03

John G. Morgan, Comptroller of the Treasury

Date

CONTRACT SUMMARY SHEET

| | | | |
|--------------------------------|-----------------------------------|---|-----------------------------------|
| RFS Number: | 359.62-013 | Contract Number: | FA-03-15125-01 |
| State Agency: | Department of Children's Services | Division: | Youth Development Center Services |
| Contractor: | | Contractor Identification Number: | |
| Reeves-Sain Extended Care, LLC | | <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | V621728645-00 |

Service Description

Provision of Pharmacy Services at DCS Youth Development Centers

| | |
|----------------------|--------------------|
| Contract Begin Date: | Contract End Date: |
| 10-01-02 | 09-30-07 |

| | | | | | | |
|-----------------|--------------|--------------|-------|------------|-------------|----------------|
| Allotment Code: | Cost Center: | Object Code: | Fund: | Grant: | Grant Code: | Subgrant Code: |
| SUP | 550 | 092 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|-----------------------|---------------|-------------------------|---------------|--|
| 2003 | \$341,782.67 | | | | \$341,782.67 |
| 2004 | \$311,000.00 | | | | \$311,000.00 |
| 2005 | \$311,000.00 | | | | \$311,000.00 |
| 2006 | \$311,000.00 | | | | \$311,000.00 |
| 2007 | \$311,000.00 | | | | \$311,000.00 |
| Total: | \$1,585,782.67 | | | | \$1,585,782.67 |

| | |
|--------|--|
| CFDA # | Check the box ONLY if the answer is YES: |
|--------|--|

| | | | |
|---|---|---|---|
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Paul Vander Meer | Is the Contractor a VENDOR? (per OMB A-133) | X |
| Address: | 7 th Floor, Cordell Hull Bldg. | Is the Fiscal Year Funding STRICTLY LIMITED? | X |
| Phone: | 615-741-8304 | Is the Contractor on STARS? | X |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractor's Form W-9 Filled with Accounts? | |
| | | X | |

| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification |
|------------------------------------|----------------------------------|---------------------|---|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | 06-30-03 | 06-30-03 | |
| FY: 2003 | \$311,000.00 | \$30,782.67 | |
| FY: 2004 | \$311,000.00 | 00.00 | |
| FY: 2005 | \$311,000.00 | 00.00 | |
| FY: 2006 | \$311,000.00 | 00.00 | |
| FY: 2007 | \$311,000.00 | 00.00 | |
| Total: | \$1,555,000.00 | \$30,782.67 | |

AUG 1 2007
 DIRECTOR OF ACCOUNTS

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 2007 AUG -5 AM 11: 24
 CHIEF CLERK'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET SUPPLEMENT

| | |
|-----------------|--------------|
| Contract Number | FA-03-15125- |
|-----------------|--------------|

| | |
|-------------|------|
| Fiscal Year | 2004 |
|-------------|------|

[illegible]

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

| | |
|-----------------|--------------|
| Contract Number | FA-03-15125- |
|-----------------|--------------|

| | |
|-------------|------|
| Fiscal Year | 2006 |
|-------------|------|

[illegible]

AMENDMENT ONE
TO
FA-03-15125
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the State, and Reeves-Sain Extended Care, LLC, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section C.1, Maximum Liability, in its entirety and insert the following in its place:

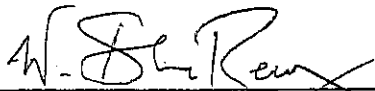
- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million, Five Hundred Eighty-five Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents, (\$1,585,782.67). The maximum liability for fiscal year 2003 shall not exceed Three Hundred Forty-one Thousand, Seven Hundred Eighty-two Dollars and Sixty-seven cents (\$341,782.67). The maximum liability for fiscal years 2004 through 2007 shall not exceed Three Hundred Eleven Thousand Dollars (\$311,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or ~~any extensions of the Contract for work not requested by the State. The maximum liability~~ represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC



8-4-03

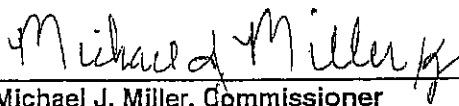
Signature and Title of Authorized Representative

Date

W. Shane Reeves

Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:



8-5-03

Michael J. Miller, Commissioner

Date

APPROVED:

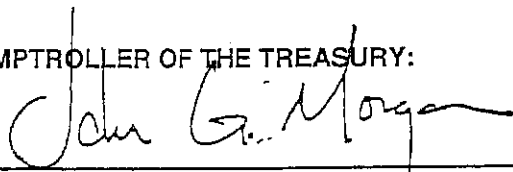
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

8-5-03

Date

COMPTROLLER OF THE TREASURY:




8/8/03

John G. Morgan, Comptroller of the Treasury

Date

CONTRACT SUMMARY SHEET

| | | | |
|--|-------------------------|---|---|
| RFS Number: 359.62-013 | | Contract Number: FA-03-15125-00 | |
| State Agency: Department of Children's Services | | Division: Youth Development Center Services | |
| Contractor: Reeves-Sain Extended Care, LLC | | Contractor Identification Number: V621728645-00 | |
| | | <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | |
| Service Description: Provision of Pharmacy Services at DCS Youth Development Centers | | | |
| Contract Begin Date: 10-01-02 | | Contract End Date: 09-30-07 | |
| Allotment Code: SUP | Cost Center: 550 | Object Code: 092 | Fund: 11 |
| | | Grant: X on STARS | Grant Code: |
| | | Subgrant Code: | |
| FY: | State Funds | Federal Funds | Total Contract Amount (including ALL amendments) |
| 2003 | \$311,000.00 | | \$311,000.00 |
| 2004 | \$311,000.00 | | \$311,000.00 |
| 2005 | \$311,000.00 | | \$311,000.00 |
| 2006 | \$311,000.00 | | \$311,000.00 |
| 2007 | \$311,000.00 | | \$311,000.00 |
| Total: | \$1,555,000.00 | | \$1,555,000.00 |

| | | | |
|---|--|--|--|
| CFDA # | | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Paul Vander Meer | | Is the Contractor a VENDOR? (per OMB A-133) X | |
| Address: 7 th Floor, Cordell Hull Bldg. | | Is the Fiscal Year Funding STRICTLY LIMITED? X | |
| Phone: 615-741-8304 | | Is the Contractor on STARS? X | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
|  | | Is the Contractor's Form W-9 Filed with Accounts? X | |

| COMPLETE FOR ALL AMENDMENTS (only) | | |
|------------------------------------|----------------------------------|---------------------|
| | Base Contract & Prior Amendments | This Amendment ONLY |
| END DATE → | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| Total: | | |

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED

DEC 17 2002

MANAGEMENT SERVICES
RECEIVED

JAN 13 2003

FISCAL
SERVICES

PROCESSED

JAN 10 2003

DIRECTOR OF ACCOUNTS

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**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF CHILDREN'S SERVICES
AND
REEVES-SAIN EXTENDED CARE, LLC**

This Contract, by and between the State of Tennessee, Department of Children's Services, hereinafter referred to as the "State" and Reeves-Sain Extended care, LLC, hereinafter referred to as the "Contractor," is for the provision of Pharmacy Services for the Department's youth development centers, as further defined in the "SCOPE OF SERVICES."

The Contractor is a limited liability company.

The Contractor's address is:

1809 Memorial Boulevard
Murfreesboro, TN, 37129

The Contractor's place of incorporation or organization is Tennessee.

A. SCOPE OF SERVICES:

The Contractor shall provide the following services to children placed in the Department of Children's Services custody residing at a Youth Development Center (YDC), and, where specified in A.3, to individuals employed or providing direct care volunteer services for DCS at a YDC:

- A.1. Provide all prescriptions, including scheduled drugs ordered by physicians, and psychiatrists as per Department of Children's Services policy (DCS), and over-the-counter medication for treatment of students in DCS custody. This should include diabetic strips and any diabetic supplies.
- A.2. Provide hepatitis B vaccine (HBV) for students, anti-retroviral agents prescribed to students in the treatment for human immune-deficiency virus/acquired immune deficiency syndrome (HIV/AIDS), and post-exposure prophylaxis (PEP) medications for students. This should also include for youth, tetanus and other vaccines to bring the youth "up to date".
- A.3. Provide as part of its drug formulary, to youth development center staff, (including direct service volunteers), medications as follows: HIV post exposure prophylaxis (PEP) medications, post exposure INH, and Hepatitis B vaccine; medications administered in the event of injury obtained due to an assault or accident; and over-the counter medications issued, i.e., aspirin, etc., to staff.
- A.4. Provide purified protein derivative (PPD) solution for annual tuberculosis testing of all students, located at a Youth Development Center.
- A.5. Provide for the dispensing, packaging, administering and shipping of all prescriptions ordered by its providers to each institution according to applicable DCS policies and Tennessee Board of Pharmacy Rules and Regulations. Psychotropic, HIV/AIDS (e.g., NRTIs, Protease Inhibitors), and tuberculosis medication shall be administered by nursing personnel, dose-by-dose, in accordance with applicable rules and standards.
- A.6. Develop its own drug formulary in consultation with the Department of Children's Services, which shall include at minimum, drugs currently and frequently prescribed for DCS students. The formulary, and any other subsequent changes to it, shall be submitted to the State for approval, in writing prior to implementation.

- A.7. Legend medications shall only be dispensed by persons who are permitted by the Tennessee Board of Pharmacy.
- A.8. Develop and implement a Drug Usage Evaluation program to ensure the appropriate, safe and effective use of drugs. Quarterly evaluation shall be submitted to the Department of Children's Services Health Coordinator, for quality improvement and outcomes management.
- A.9. Provide any necessary additional medication cart or storage systems that are required for the packaging system and for medication administration.
- A.10. Provide a pharmacist that shall conduct quarterly inspections at each of the Youth Development Centers.
- ~~A.11.~~ Provide in-service training for clinic staff by a licensed pharmacist upon request from DCS staff,
- A.12. Provide a system for the provision of "stat" or immediate use dosages that is available twenty-four (24) hours per day, seven (7) days per weeks, either through on-site immediate use stock or delivery. If a delivery or retail purchase is necessary, it shall be provided and paid for by the Contractor, with subsequent payment by the Youth Development Center in accordance with payment terms and conditions.
- A.13. Contractor's pharmacy shall receive prescription drug orders between the hours of 8:00 a.m. and 7:00 p.m. Central Standard Time. Prescription orders received by the Contractor's pharmacy by 3:00 (Central Time) Monday through Saturday shall be delivered to the ordering institution by 12:00 noon the following day.
- A.14. Provide at least a twenty-eight (28)-day supply of a student's medication regimen, (unless prescribed for a lesser period of time), while the student is in residence at the youth development center.
-
- A.15. Provide at least a twenty-eight 28-day supply of the student's current medication regimen for the student's leaving the DCS system.
- A.16. Provide a monthly, computer-generated medication administration report of dispensed medication and send it to the institution the last week of each month. The contractor shall also provide medication information or "fact" sheet for the patients on all medication taken, for the purpose of monitoring any drug interaction of meds taken by youth. The Contractor shall also provide each Youth Development Center a monthly receiving report on all return medications for credit along with a monthly utilization report. The Contractor shall also provide ad hoc reports as requested, and send them to the institution or central office as directed.
- A.17. Medications provided to the youth development centers shall be purchased by the Contractor in unit dose packaging. The unit dose drug packaging system shall provide individually packaged medications for a unit of use administration.
- A.18. Bill the Department of Children's Services (DCS) only for medications on a post consumption basis. The DCS Youth Development Center will return medications, for credit. After the Contractor receives any returned medications and the credit is applied, the Contractors may submit an invoice for payment.
- A.19. Label each prescription container to include the student's name, number, date, prescribing physician, medication name, lot number, strength, dosage, directions for administration, and any applicable warnings or dietary instructions or other information in compliance with Federal regulations and the laws of the State of Tennessee.

- A.20. Process all claims for services through the Contractor with whom the TennCare Bureau has contracted to provide claims processing services.
- A.21. Pharmacy services shall be provided by a Pharmacist(s) licensed by the State of Tennessee to provide such services in Tennessee.
- A.22. Comply with all applicable Tennessee Department of Children's Services policies and procedures and security regulations.

- A.23. Provide generic drugs unless brand names are ordered by a medical provider.

B. CONTRACT TERM:

- B.1. Contract Term. This Contract shall be effective for the period commencing on October 1, 2002 and ending on September 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million, Five Hundred Fifty-five Thousand Dollars, (\$1,555,000.00). In no event shall the maximum liability for each fiscal year exceed Three Hundred Eleven Thousand Dollars (\$311,000.00). The Payment Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Payment Rates include, but are not limited to, all applicable taxes, fees, overheads, profit, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with Payment Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2. Compensation Firm. The Payment Rates in Section C.3 and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.

- C.3. Payment Methodology. The Contractor shall be compensated based on the Payment Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor shall be compensated based upon the following Payment Rates:

| BRAND NAME DRUGS — the payment rate for Brand Name Drugs shall equal the Acceptable Wholesale Price* reduced by the reduction percent plus the handling fee (indicated by period below). | | |
|---|---|------------------------------------|
| PERIOD | REDUCTION % (from the Acceptable Wholesale Price*) | HANDLING FEE (per prescription) |
| October 1, 2002 – June 30, 2003 | [13] % | \$5.00 |
| July 01, 2003 – June 30, 2004 | [13] % | \$5.00 |
| July 01, 2004 – June 30, 2005 | [13] % | \$5.00 |

| | | |
|-------------------------------|--------|--------|
| July 01, 2005 - June 30, 2006 | [13] % | \$5.00 |
| July 01, 2006 - June 30, 2007 | [13] % | \$5.00 |

* Acceptable Wholesale Price may be obtained from any of the professionally recognized companies that compile these prices using the manufacturers suggested wholesale price i.e., RED Book and the BLUE Book.

| GENERIC NAME DRUGS — the payment rate for Generic Drugs shall equal the maximum allowable cost set by TennCare plus the handling fee (indicated by period below). | |
|--|---------------------------------|
| PERIOD | HANDLING FEE (per prescription) |
| October 1, 2002 - June 30, 2003 | \$5.00 |
| July 01, 2003 - June 30, 2004 | \$5.00 |
| July 01, 2004 - June 30, 2005 | \$5.00 |
| July 01, 2005 - June 30, 2006 | \$5.00 |
| July 01, 2006 - June 30, 2007 | \$5.00 |

| IN-SERVICE TRAINING & INSPECTION SERVICES — the payment rate for in-service training & inspection services shall the hourly rate for delivered service (indicated by period below). | |
|--|-----------------------|
| PERIOD | PAYMENT RATE PER HOUR |
| October 1, 2002 - June 30, 2003 | \$65.00 |
| July 01, 2003 - June 30, 2004 | \$65.00 |
| July 01, 2004 - June 30, 2005 | \$65.00 |
| July 01, 2005 - June 30, 2006 | \$65.00 |
| July 01, 2006 - June 30, 2007 | \$65.00 |

The Contractor shall not be compensated for travel time to the primary location of service provision.

The Contractor shall submit monthly invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the identifying child information, the applicable payment rate, dates of service, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. The Contractor shall use the pharmacy claims processing vendor with whom the TennCare Bureau has contracted, unless otherwise directed by the Department of Children's Services.

The State shall reimburse the Contractor for Generic Drugs using the formula as follows: (Maximum Allowable Cost (as Set by TennCare) + handling fee.

The State shall reimburse the Contractor for Brand name Drugs using the formula: (Acceptable Wholesale Price - reduction percentage (not less than 13%) + handling fee.

The Department of Finance and Administration, Bureau of TennCare will serve as the payment agent for the Department of Children's Services to the Contractor providing pharmacy services at DCS youth development centers. The Department of Children's Services will subsequently reimburse the Bureau of TennCare for such payments upon receipt of the necessary documentation from TennCare of payment made to the

Contractor. It is the Department of Children's Services ultimate obligation to ensure that proper remuneration is executed (albeit, through the payment agent) for all services requested, rendered, and accepted that are in accordance with the payment terms (including the maximum liability) of this Contract.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- D. STANDARD TERMS AND CONDITIONS:
- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
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- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
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- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Tricia Haywood, Director of Medical and Behavioral Services
8th Floor, Cordell Hull Building
436 6th Avenue North
Nashville, TN 37243-1290
(615) 532-9306
(615) 741-7322 (fax)

The Contractor:

W. Shane Reeves, Pharm.D.
President
Reeves-Sain Extended Care
1809 Memorial Boulevard
Murfreesboro, TN, 37129
TEL: 615-278-3146
FAX: 615-895-0395

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the

day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.4. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.5. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.

- E.6. Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

- E.7. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

- E.8. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

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- E.9. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

- E.10. The Contractor understands that payment for services rendered at DCS youth development centers will not be paid directly by the Department of Children's Services, but by TennCare. DCS has entered into an interdepartmental contract with the Bureau of TennCare to reimburse the Bureau for those pharmacy services for which they have previously paid the DCS pharmacy Contractor.

IN WITNESS WHEREOF:

REEVES-SAIN EXTENDED CARE, LLC

W. Shane Reeves
Signature and Title of Authorized Representative

10-11-02
Date

W. Shane Reeves
Printed Name of Authorized Representative

DEPARTMENT OF CHILDREN'S SERVICES:

Page B. Walley, Ph.D., Commissioner
Page B. Walley, Ph.D., Commissioner

11/14/02
Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

C. Warren Neel/DW
C. Warren Neel, Ph.D., Commissioner

DEC 11 2002
Date

DEPARTMENT OF PERSONNEL:

N/A
Walter Butler, Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan
John G. Morgan, Comptroller of the Treasury

12/23/02
Date